

MINUTES

MONTANA HOUSE OF REPRESENTATIVES 58th LEGISLATURE - REGULAR SESSION

JOINT APPROPRIATIONS SUBCOMMITTEE ON EDUCATION

Call to Order: By **CHAIRMAN DONALD L. HEDGES**, on February 19, 2003 at 8:02 A.M., in Room 102 Capitol.

ROLL CALL

Members Present:

Rep. Donald L. Hedges, Chairman (R)
Sen. Royal Johnson, Vice Chairman (R)
Rep. Rosalie (Rosie) Buzzas (D)
Rep. Dave Lewis (R)
Sen. Bea McCarthy (D)

Members Excused: None.

Members Absent: Sen. John Esp (R) arrived at 8:45
Rep. Eve Franklin (D) arrived at 8:10

Staff Present: Amy Carlson, OBPP
Jim Standaert, Legislative Branch
Diana Williams, Committee Secretary

Please Note : These are summary minutes. Testimony and discussion are paraphrased and condensed. Tape counter notations refer to the material immediately preceding.

Committee Business Summary:

Hearing & Date Posted: HB73, HB193, 2/14/2003;
HB 459, 2/17/2003

Executive Action: None

HEARING ON HB 73

Sponsor: REP. HOLLY RASER, HD 70, Missoula

Opening Statement by Sponsor:

REP. RASER stated that House Bill 73 is basically a school investment program. The people that are here today are here because they care very deeply about the education of our state and are speaking for many who could not come.

The problem she sees over the education funding over the years has been a dysfunction discount between public school policy and public school funding. She said that it is like a person with a bipolar personality; two people who exist in one function who are operating in very different rational worlds.

REP. RASER went over the four challenges that she thought the schools are facing. Her testimony also addressed the idea of "what will happen when we decide to invest in K-12 education." In this part, she went over a chart that showed Montana's employment trends over the last 20 years.

REP. RASER said that if the State wants to provide an excellent system of schools, then sufficient funding will have to be appropriated to maintain that excellence. If the funding level isn't there, then policies will need to be changed as well as lowering the expectations of Montana's schools.

REP RASER said, "There are many who will say, let's wait, we can't afford to invest in education, in our future right now. Mr. Chairman, members of the Committee, we can't afford to wait."

REP. RASER provided a copy of her testimony as well as the attachments which include various charts, a report, and the two books that she revered during her opening statement.

EXHIBIT (jeh37a01)

EXHIBIT (jeh37a02)

EXHIBIT (jeh37a03)

EXHIBIT (jeh37a04)

EXHIBIT (jeh37a05)

EXHIBIT (jeh37a06)

EXHIBIT (jeh37a07)

EXHIBIT (jeh37a08)

{Tape: 1; Side: A; Approx. Time Counter: 1.5 - 30.5}

{Tape: 1; Side: B; Approx. Time Counter: 2.3 - 4.1}

Proponents' Testimony:

Linda McCulloch, State Superintendent of Public Instruction, thanked REP. RASER for sponsoring House Bill 73, and noted that the current system of school funding presumes that schools can continue to provide the current level of educational services with no adjustment for inflation. HB 73 was developed using an inflation index tied to the labor market.

Exhibit 9 reveals the declining enrollment in Montana's public schools due to a decline in live births in Montana. Persons aged 20-45 are not staying in Montana or moving here. Legislative Fiscal Division estimates that, in the 2005 biennium, the State savings from declining enrollment will total \$15.1 million. HB 73 proposes to restore that \$15.1 million to schools, and add \$35 million of new state aid. Exhibit 10 shows the percentages paid to fund schools in FY 1991 through FY 2003, as well as the public school General Fund budget trends for FY 1991-FY 2003. Supt. McCulloch presented a copy of her testimony (Exhibit 11).

EXHIBIT(jeh37a09)

EXHIBIT(jeh37a10)

EXHIBIT(jeh37a11)

{Tape: 1; Side: B; Approx. Time Counter: 4.1 - 8.2}

Lance Melton, Montana School Boards Association, said that he concurs with the sponsor in terms of the short notice on the hearing and the potential for people who could have been here. There is an additional factor that he wanted all to be aware of. He said, "It's called loss of hope, loss of confidence, loss of trust that this legislature is capable of generating the will to do what's right and what's necessary for the upcoming two years. When you lose that input, your decisions are no longer informed by the input of the people from throughout the State." He sees that happening with the members at this time. He said that there is a grave concern among the people he represents.

Mr. Melton said that House Bill 73 presents the most accurate portrayal of the anticipated costs of operation in the upcoming two years for Montana's public schools. Whether the bill gets passed or not, that central fact remains -- this bill is the most accurate portrayal of the anticipated costs of operation in the upcoming two years for Montana's public schools.

In terms of the handout (Exhibit 12), **Mr. Melton** said that there hasn't been much efficiency to be found that hasn't already been found. He talked about geographic sparsity and addressed some of the numbers in this chart.

Mr. Melton said that this system funds our education on an average basis, but with significantly above average costs. HB 73 presents a very viable solution to that problem. He urged the Committee to support this bill.

EXHIBIT(jeh37a12)

{Tape: 1; Side: B; Approx. Time Counter: 8.3 - 13.5}

Darrell Rud, Executive Director, School Administrators of Montana, urged support for House Bill 73, and stated that it gives an accurate portrayal of the needs and issues pertaining to Montana's schools. This bill would be a big step toward finding equity and adequacy in the funding solutions for maintaining the quality educational system in Montana.

{Tape: 1; Side: B; Approx. Time Counter: 13.9 - 15.5}

Erik Burke, MEA/MFT, stated that it is the opinion of MEA/MFT that HB 73 asks for the minimal amount of funding necessary to address the challenges currently faced by Montana's educational system.

{Tape: 1; Side: B; Approx. Time Counter: 15.6 - 18.5}

Dick Cameron, Superintendent of Schools, Glendive, Glendive Public Schools and Southeast Montana Administrators, explained to the Committee the trends that he is seeing in the educational system. He said that there are more students who use the services of special education and more use of the General Funds to provide these services so the entire spectrum of the students' educational experience is being hurt. He said, "we cannot continue as we have. In all honestly and all candor, the amount of money that is being asked for in this bill represents a great deal when you think of the deficit that we have. But somehow I urge you to find it. The kids in this State need it." He said that by making these reductions, they aren't cutting "fat" rather they are reducing the opportunity in the academic area. He asked the Committee to find the necessary funding to approve HB 73.

{Tape: 1; Side: B; Approx. Time Counter: 18.7 - 22.7}

Bruce Messinger, Superintendent of Schools, Helena, spoke in support of House Bill 73, and stated that it is an effort to secure additional funds to support the Montana public school system. **Mr. Messinger** stated that it is the investment in public education that matters over time which will maintain and perpetuate the quality that exists in our public schools.

{Tape: 1; Side: B; Approx. Time Counter: 22.8 - 27.8}

Steve Gaub, Superintendent of Schools, Florence, shared educational concerns of his community, and spoke in support of HB 73.

Larry Nielsen, President, Helena Education Association, reiterated that HB 73 is not exorbitant; it merely maintains the cost-of-living increases to schools. It is a maintenance of Montana's investment in education.

Dan Zorn, Assistant Superintendent of Schools, Kalispell, stood in support of HB 73. He stated that this is a time of unprecedented demands on public educators and it is essential that funding be increased for education at least to the level of inflation. He urged the increases proposed in HB 73.

Written testimony from Jack Copps, Executive Director for the Montana Quality Education Coalition (MQEC) was supplied to the Committee. He was unavailable to attend the public hearing.

EXHIBIT (jeh37a13)

{Tape: 2; Side: A; Approx. Time Counter: 0.3 - 5.9}

Opponents' Testimony: None

Informational Testimony: None

Questions from Committee Members and Responses:

REP. LEWIS asked **REP. RASER** where she thought taxpayers are going to get the money to fund HB 73. **REP. RASER** stated that there will have to be a reduction in programs, fund transfers, revenue enhancements, and a fair tax structure that assesses all of Montana's resources rather than just the resources of homeowners.

SEN. JOHNSON complimented **REP. RASER** on her presentation, and asked if the declining enrollment figures are accurate. He also asked, "If the enrollment is declining, how does it take more money on a continuing basis to take care of less students?" **REP. RASER** stated, "Yes. It does take the same amount of money to fund less students. The basics such as teachers, structure, utilities, textbooks, healthcare costs, etc. remain constant regardless of the number of students." **SEN. JOHNSON** asked where else **REP. RASER** suggested getting additional money besides raising taxes. **REP. RASER** stated that the people in her district are in favor of raising taxes because of the need to fund schools.

REP. BUZZAS asked **REP. RASER** what new taxes her constituents are willing to support besides increased property taxes. **REP. RASER** stated that the majority of people said a bed tax, rental car tax, liquor tax, tobacco tax, gambling tax, and about half of the people supported a sales tax.

REP. FRANKLIN asked if **REP. RASER** got any resentment in her district that too many tax breaks were given to big business that exploit and squandered the breaks like Montana Power. **REP. RASER** stated that she did receive those comments about how the tax burden has shifted and that there is a certain element in Montana's revenue-producing economy that is not contributing what they have in the past. The constituents do see the correlation.

{Tape: 2; Side: A; Approx. Time Counter: 6.0- 22.4}

CHAIRMAN HEDGES asked Supt. Cameron how the proposed legislation affects small towns versus larger towns in his district. **SUPT. CAMERON** stated that he did not have exact figures but said that it is proportionate. The revenue received in the foundations is based upon student numbers and the basic entitlement which comes to each school district. **CHAIRMAN HEDGES** asked if the entitlement amounts should be adjusted. He also asked if Montana is under-funding elementary schools. **SUPT. CAMERON** stated that he feels elementary schools are definitely underfunded.

{Tape: 2; Side: A; Approx. Time Counter: 22.5 - 26.1}

Closing by Sponsor:

REP. RASER wished to clarify an earlier comment. She stated that money is allotted per district, not per school, so each district receives about \$20,000 for an elementary school.

REP. RASER stated that there are policy decisions that need to be made, but not made lightly. Consolidating small schools is an option that would impact the communities through lost jobs for bus drivers, cooks, teachers, clerks, and custodians. She asked that any decisions that this Legislature makes with regard to education funding, be made up front and clearly state that, "This is the policy and this is how Montana will fund it." Montana must discontinue the dysfunctional policy funding disconnect, and Legislators must be held accountable and responsible for the decisions that they make.

{Tape: 2; Side: A; Approx. Time Counter: 26.2 - 30.1}

{Tape: 2; Side: B; Approx. Time Counter: 0- 2.5}

HEARING ON HB 193**Sponsor:** REP. GARY BRANAE, HD 17, Billings**Opening Statement by Sponsor:**

REP. BRANAE stated that HB 193 could help to meet the challenges for education that REP. RASER put forth in HB 73. House Bill 193 provides a per-educator entitlement of \$1,000 for certified, FTE educators employed by a public school district. This money would be paid to school districts, special ed cooperatives, Montana School for the Deaf and Blind, and schools run by the Department of Corrections.

The money is not paid directly to the teachers; rather it is a new component of a school district's general fund budget. The money could be used for teacher salaries and benefits, which would not only help the teachers but also would help with the problems of retention/recruitment. HB 193 provides flexibility for the school districts to use the money as they see fit. HB 193 offers a new approach by providing the much-needed resources that will help our State maintain a quality educational system.

{Tape: 2; Side: B; Approx. Time Counter: 2.7 - 7.6}

Proponents' Testimony:

Linda McCulloch, Montana Superintendent of Public Instruction, spoke in support of HB 193, which OPI requested and represents the consensus of many education partners who are committed in providing quality education. She presented a copy of her testimony.

Supt. McCulloch stated that Montana has some untapped resources in the tourists passing through the state. She put together a chart of ideas that were proposed this session as far as revenue sources to fund things and is Exhibit 15. She said the total potential revenue would be \$320 million. She ended by saying that educating our children is the best investment we can make in Montana.

EXHIBIT(jeh37a14)

EXHIBIT(jeh37a15)

Dave Puyear, Executive Director, Montana Rural Education Association (MREA), stated that HB 193 is a good bill and one that MREA strongly supports. It spreads the financial resources that would be included in the bill to all schools; everyone benefits from this bill. **Mr. Puyear** stated that MREA is not

against consolidation but it is against forcing people to do things against their will. Studies prove that consolidation does not save money.

Lance Melton, Montana School Boards Association (MTSBA), stated that HB 193 provides balance to the formula for determining funding for schools and may help increase efficiency in making sure that money reaches the classroom. MTSBA urged support for HB 193.

Erik Burke, MEA/MFT, rose in strong support of HB 193. **Mr. Burke** stated that, when this bill was first heard before the House Education Committee, Eric Feaver called this, "the best school funding bill of the session." Not only does it address the current school funding problems, but also tries to track what it takes to fund an adequate public education for children in Montana. It goes to the heart of the real costs of funding classrooms. Our current formula does not address fixed costs in all districts.

Darrell Rud, Executive Director, School Administrators of Montana, urges support for HB 193 to use as a key part of the overall funding solution for K-12 education.

Larry Nielsen, Helena Education Association, stated that HB 193 adds support for funding so that, as enrollments increase or decline, Montana can ride out those changes and continue to fund education.

Dick Cameron, Superintendent of Schools, Glendive, stood in support of HB 193. He said that, as a superintendent, he would probably spend that money directly on teachers and other staff.

Dan Zorn, Assistant Superintendent of Schools, Kalispell, stood in support of HB 193. He expressed the importance of the bill, and stated this would be a positive step in recruiting and keeping quality teachers.

Steve Gaub, Superintendent of Schools, Florence, stated that he would use this money specifically for teachers' salaries. He feels this is a great bill and urged this Subcommittee's support.

{Tape: 2; Side: B; Approx. Time Counter: 7.9 - 30.1}

Opponents' Testimony: None

Informational Testimony:

Amy Carlson, OBPP, stated that the Governor's Advisory Council looked at this proposal but did not recommend it; they recommended averaging as a way to address declining enrollment.

{Tape: 3; Side: A; Approx. Time Counter: 0.3 - 0.7}

Questions from Committee Members and Responses:

SEN. McCARTHY asked Madalyn Quinlan, Chief of Staff, OPI if her understanding of this bill is correct in that the money goes in a lump-sum to the school district to be used wherever it is needed such as a P.E. coach, new windows, or textbooks, but it is basically being sold as \$1,000 per teacher. **Ms. Quinlan** stated that **SEN. McCARTHY** is correct. It was felt that one of the biggest challenges facing school districts is teacher recruitment and retention, but schools need flexibility, so this money is going into the General Fund budget.

SEN. McCARTHY asked if this would be an ongoing expense. **Ms. Quinlan** stated that if this is put into the school funding system, it would be in statute and be part of the base budget in the future. It would also be part of the ongoing school funding formula. The payment to the school district in one year is based on the report that the school district provided OPI relevant to the previous year.

SEN. McCARTHY asked Erik Burke if he thought the teachers that MEA/MFT represents were going to ask for the \$1,000. **Mr. Burke** stated that they will try to put the money into salaries.

REP. BUZZAS asked Ms. Quinlan if any of the recommendations in the Governor's Commission on school finance reform moved forward. **Ms. Quinlan** stated that a number of the recommendations have moved forward and are included in legislation this Session.

{Tape: 3; Side: A; Approx. Time Counter: 0.9 - 8.8}

SEN. ESP asked **REP. BRANAE** and Ms. Quinlan several questions pertaining to definitions and varying percentages of entitlement distribution. **SEN. ESP** stated that there is an exception that, if someone doesn't meet the special ed requirements on Page 1, line 22 and 23, Supt. McCulloch could allow them to receive the money. **Ms. Quinlan** stated that the situation would have to be a special education cooperative that meets the specific definition of the cooperative as laid out in statute. She stated that it's possible that someone could form a special education cooperative in order

to take advantage of this, but OPI wanted to make sure that doesn't happen.

{Tape: 3; Side: A; Approx. Time Counter: 8.9 - 17.8}

REP. BUZZAS asked Mr. Melton why he feels it is important that school boards have the authority to distribute these dollars versus funds going to one specified area. **Mr. Melton** stated that school districts in Montana have operated for thirty years under collective bargaining laws mandated by the Legislature that requires that bargaining take place in each and every district according to the terms that are arrived at in that district. Each community has its own particular interests and perspectives. MTSBA believes that the best way to handle any source of funding that's put forth in the formula is to leave it in the hands of the locally elected officials.

{Tape: 3; Side: A; Approx. Time Counter: 17.9 - 20.6}

REP. LEWIS asked **REP. BRANAE** if there could be an option to take the \$12 million and put it into the health insurance pool, if a bill is passed to set up the school employee health insurance pool. **REP. BRANAE** stated that he feels that there are other ways to fund the teacher insurance pool, and the intent of HB 193 is to direct the money to the school districts so that they could use some local control to decide how that money is to be used. Some of it may be used at the local level to help with insurance benefits, but some may choose to use it all for teacher retention or recruitment.

{Tape: 3; Side: A; Approx. Time Counter: 20.8 - 22.9}

CHAIRMAN HEDGES asked Supt. Zorn, "If this Subcommittee were to shift appropriations from the basic ANB to fund HB 193 on an FTE basis, would the results be better or worse for his school?" **Supt. Zorn** stated that would be a difficult decision. Impact will be relative to student population. Also, funding based on enrollment averaging would be detrimental to some districts.

{Tape: 3; Side: A; Approx. Time Counter: 23.0 - 27.9}

SEN. ESP asked Supt. McCulloch which revenue sources she supports in the \$320 million list she compiled. **Supt. McCulloch** stated that she supports the car rental tax (approximately \$7 million), bed tax (approximately \$32 million) and cigarette tax (approximately \$94 million).

Supt. McCulloch also supports removing funds that have been designated by Workers' Compensation as "excess", which totals

about \$20 million. Monies estimated from these sources are for the biennium.

{Tape: 3; Side: A; Approx. Time Counter: 28 - 30.2}

{Tape: 3; Side: B; Approx. Time Counter: 2.3 - 2.6}

SEN. JOHNSON asked **REP. BRANAE** why he didn't sign the fiscal note on HB 193. **REP. BRANAE** said that he didn't sign it because he had some questions about how the retirement portion was set up. With the changes, he would now sign the fiscal note.

{Tape: 3; Side: B; Approx. Time Counter: 2.7 - 3.3}

Closing by Sponsor:

REP. BRANAE thanked the Subcommittee for a good hearing, good questions and good discussion. He stated that school funding is a very complicated and difficult situation, and he sees this bill as a way to address that. Schools could use this money in the way they best saw fit. He noted that HB 193 has received bipartisan support.

{Tape: 3; Side: B; Approx. Time Counter: 3.4 - 4.8}

HEARING ON HB 459

Sponsor: **REP. ROY BROWN, HD 14, Billings**

Opening Statement by Sponsor:

REP. BROWN stated that HB 459 averages school funding over a three-year period on ANB basis. Since 1995, K-12 student enrollment has been steadily declining. The logical assumption would be that, with fewer students, the cost would be less, yet school districts have trouble adjusting quickly to the losses on three or four students per class. The loss of a student means the loss of funding the following year.

The Governor, in the School Funding Study, looked at this issue and determined that the method of averaging ANB over a three-year period would lessen the financial affects of school districts. Although the School Funding Study recommended a three-year averaging of ANB for only declining enrollments, this bill averages for both declining and increasing enrollments. There is an exception in this bill that allows for a school district that has a six percent increase in students to have that increase fully funded immediately.

This bill comes without a funding source, but **REP. BROWN** stated that the creativity of this Subcommittee is legendary and hopefully a funding source will be found because it will help school districts.

{Tape: 3; Side: B; Approx. Time Counter: 4.9 - 8.0}

Proponents' Testimony:

Kris Goss, Executive Assistant, Governor's Office, stated that the Governor and the Lt. Governor are happy to join Majority Leader Brown in supporting this legislation. Schools are hit hardest by the current demographic shifts occurring throughout Montana. Declining enrollment is causing a severe crisis throughout the State. From 2001 to 2003, 71% of school districts in Montana experienced a decline.

HB 459 retains a provision that protects districts that experience dramatically increasing enrollments while steady growth in enrollment will be recognized over the three-year average. An increase of six percent or more will be funded in that school year. Of the 432 school districts in Montana, 64% decreased in enrollment from school year 2001/2002 to school year 2002/2003. Thirty-six percent increased in enrollment over that same time period. Fifty-five percent of districts that saw an increase, saw an increase of over six percent, thereby becoming eligible for that protection. Averaging enrollments will help school districts that need it the most. Soft caps will be eliminated with averaging of enrollments.

Dave Puyear, Montana Rural Education Association (MREA), spoke in favor of HB 459, specifically in regard to the issue of declining enrollment and what this bill would do to address and mitigate some of those factors. Declining enrollment is of great concern to MREA members who are hurting in that area. One concern of MREA is the issue of the soft caps. Being able to adopt past budgets is very important to MREA schools, and it has been a salvation to a number of Montana's rural districts. It is very difficult for schools to adjust to decreases as well as increases in enrollment when services have to be maintained. MREA suggests that upward averaging not be included in this proposal.

REP. DON STEINBEISSER, Sidney, spoke in support of HB 459, and stated that this bill will help in the declining enrollment situation that many schools are experiencing.

{Tape: 3; Side: B; Approx. Time Counter: 8.1 - 19.1}

Opponents' Testimony:

Lance Melton, Montana School Boards Association (MTSBA), stated that HB 459 addresses a very important issue and, with appropriate amendments, MSBA would easily support HB 459. He presented a copy of his testimony.

EXHIBIT(jeh37a16)

Steve Gaub, Superintendent of Schools, Florence, spoke as the representative of the Florence School as well as the other schools in Ravalli County which is the fastest growing county in the State of Montana. They are reluctant opponents to this bill. They understand the advantages and the importance of averaging for schools that are not growing. **Mr. Gaub** suggested amending HB 459, because, as it is written, it would hurt some schools that need to have some budget growth that this bill limits.

Darrell Rud, School Administrators of Montana, spoke in opposition of HB 459 due to its averaging of declining and increasing enrollment, which goes against the widespread input that was gathered over the period between Sessions. He urged voting against HB 459 as it is currently written.

Dan Zorn, Assistant Superintendent of Schools, Kalispell, spoke adamantly against HB 459, and supplied a copy of his testimony.

EXHIBIT(jeh37a17)

Madalyn Quinlan, OPI, stated that SB 92 proposes three-year averaging which allows schools to choose the benefits to three-year averaging versus using current year ANB, whichever is of greater benefit to the school district. The estimated fiscal note for HB 459 is about \$7 million. Senate Bill 92 is estimated to cost about \$10 million.

Erik Burke, MEA/MFT, spoke in opposition to HB 459. He realized that the intent of it is to help Montana districts, but stated that, while it fixes one problem, it creates another. This bill would hurt many Montana districts. MEA/MFT urges opposition to HB 459.

{Tape: 3; Side: B; Approx. Time Counter: 19.2 - 30.6}

{Tape: 4; Side: A; Approx. Time Counter: 0.3 - 7.4}

Informational Testimony:

Amy Carlson, OBPP, stated that the fiscal note on HB 459 says \$8.5 million, and the current fiscal note should say about \$7.1 million after the amendment is applied. There are 87 districts that are using soft caps. Twenty-two districts are grand fathered

and have above-maximum budgets that aren't contingent on whether the soft cap remains or not.

{Tape: 4; Side: A; Approx. Time Counter: 7.5 - 8.6}

Questions from Committee Members and Responses:

SEN. McCARTHY asked Mr. Melton if his concerns are covered in SB 92. **Mr. Melton** stated that they are. He requested that school funding not be cut for the coming biennium. He suggested that, before the State decides that declining enrollment saves money simply because the formula says it does, the State takes the monies saved because of declining enrollment and decide whether or not the inflationary costs of operation can be funded with those savings.

SEN. ESP asked Ms. Carlson what the fiscal impact would be if the "soft cap" is amended out of HB 459. **Ms. Carlson** stated that there is no state fiscal impact; it would just impact the local districts.

SEN. ESP asked Mr. Melton what the impact would be on local districts. **Mr. Melton** stated that the tax impact would be zero over the amount that has already been approved in local communities by the taxpayers. Taking this proposal and implementing it takes money away that has already been approved by the taxpayers.

{Tape: 4; Side: A; Approx. Time Counter: 8.8 - 23.2}

Closing by Sponsor:

REP. BROWN stated that of the 33% of school districts who have increasing enrollment, only 16% would have any problem under HB 459. The rest of the districts have increases over six percent and would still be covered by the exception in this bill. Many of the examples given in testimony about increasing enrollment would be covered under this bill because their increases were over six percent. This bill is about averaging both when enrollment increases as well as when it decreases.

{Tape: 4; Side: A; Approx. Time Counter: 23.3 - 25.2}

ADJOURNMENT

Adjournment: 11:45 A.M.

REP. DONALD L. HEDGES, Chairman

DIANA WILLIAMS, Secretary

DH/DW

EXHIBIT (jeh37aad)